

Defeat Debt

Credit Advisors Foundation

Volume 51, Issue 5

Are You Smarter Than a High School Student? Take the Quiz!

Jump\$tart, a non-profit organization focused on providing financial smarts for students, recently released the results of their nationwide biennial survey of high school seniors. This past December and January, the survey was given to 6800 high school 12th graders in 40 states.

In order to gain the most accurate measure of an average high school senior's knowledge the survey was provided to students in classes that didn't directly pertain to economics or personal finance, such as English or Social Studies.

The survey consisted of thirty-one questions covering a wide variety of everyday financial scenarios such as credit, credit cards, insurance, income, saving, taxes and credit reports. All the questions in the survey



The survey was given to 6800 high school 12th graders in 40 states.

world be potentially applicable to these young adults in the next five to six years after high school graduation – whether the student intended to immediately enter the workforce or continue their education.

The results from the survey seem to suggest that while there is increased awareness of the importance of financial literacy and education, especially as students leave the relatively safe environment of their parents' homes and high school, there is still much work to be done. The average nationwide score for individuals taking the survey this year was 48.3 percent, dropping 4.1 percentage points from the 2006 survey results. Such a mid-range score indicates that there are obviously some children being left behind in their ability to make real life financial decisions that could impact their financial futures for years to come.

Only 27.3 percent of those surveyed knew that the interest earned through a savings account could be taxable if the owner's income was high enough and only 13 percent knew that

when your credit card is lost or stolen, according to Federal law the maximum amount that you can be forced to pay is \$50. Regrettably, less than half (48 percent) knew that paying the minimum amount on a credit card bill would result in the greatest dollar amount in finance charges per year, and just 47.7 percent knew you can check your credit record for free once a year.

There was some good news. Sixty-eight percent of those surveyed knew that getting cash from most ATMs would cost you money in the form of a fee. Additionally, a remarkable 87.7 percent were aware that savings would be safer in a bank savings account than in stocks or locked in a closet at home when saving money from summer jobs for their college expenses in the next year. With everything they didn't know there is some comfort in noting that a whopping 70.5 percent knew that a responsible credit counseling organization, like Credit Advisors, could work with those they owed to set up a payment schedule to assist them in repaying their debts.

(Continued on page 2)

Inside this issue:

<i>Are You Smarter Than a High School Student? Take the Quiz!</i>	1
<i>Word Search</i>	3
<i>Credit Advisors' Privacy Statement Publication</i>	3

Board of Directors

- Bob Buglewicz
- Sam Hohman
- Ronnetta Hughes
- Paul Koch
- Dave Phillips
- Juan Picon
- Travis Rousseau
- Officers
- Sam Hohman

CEO; President

- Michaela Harper

*Program Director;
Secretary*

Take the Quiz!

(Continued from page 1)

From the looks of it, this information may become even more important for them a few years down the road.

So, do you wonder how your survey answers would compare to this year's high school seniors? Take the abbreviated survey below and find out. (Answers are provided at the end of the survey.)

Personal Finance Quiz

1. Inflation can cause difficulty in many ways. Which group would have the greatest problem during periods of high inflation that last several years?

- a. Older, working couples saving for retirement.
- b. Older people living on fixed retirement income.
- c. Young couples with no children who both work.
- d. Young working couples with children.

2. Your take home pay from your job is less than the total amount you earn. Which of the following best describes what is taken out of your total pay?

- a. Social security and Medicare contributions.
- b. Federal income tax, property tax, and Medicare and social security contributions.
- c. Federal income tax, social security and Medicare contributions.
- d. Federal income tax, sales tax and social security contribution.

3. Chelsea worked her way through college earning \$15,000 per year. After graduation, her first job pays \$30,000. The total dollar amount Chelsea will have to pay in Federal Income taxes in her new job will:

- a. Double, at least, from when she was in college.
- b. Go up a little from when she was in college.
- c. Stay the same as when she was in college.
- d. Be lower than when she was in college.

4. Many young people receive health insurance benefits through their parents. Which of the following statements is true about health insurance coverage?

- a. You are covered by your parents' insurance until you marry, regardless of your age.
- b. If your parents become un - employed, your insurance coverage may stop, regardless of your age.
- c. Young people don't need health insurance because they are so healthy.
- d. You continue to be covered by your parents' insurance as long as you live at home, regardless of your age.

5. If you went to college and earned a four-year degree, how much more money could you expect to earn than if you only had a high school diploma?

- a. About 10 times as much.
- b. No more; I would make about the same either way.
- c. A little more; about 20% more.
- d. A lot more; about 70% more.

6. Many savings programs are protected by the Federal government against loss. Which of the following is not?

- a. A U.S. Savings Bond.
- b. A certificate of deposit at the bank.
- c. A bond issued by one of the 50 states.
- d. A U.S. Treasury Bond.

7. If each of the following persons had the same amount of take home pay, who would need the greatest amount of life insurance?

- a. An elderly retired man, with a wife who is also retired.
- b. A young married man without children.
- c. A young single woman with two young children.
- d. A young single woman without children.

8. Which of the following credit card users is likely to pay the GREATEST dollar amount in finance charges per year, if they all charge the same

amount per year on their cards?

- a. Jessica, who pays at least the minimum amount each month and more, when she has the money.
- b. Vera, who generally pays off her credit card in full but, occasionally, will pay the minimum when she is short of cash.
- c. Megan, who always pays off her credit card bill in full shortly after she receives it.
- d. Erin, who only pays the minimum amount each month.

9. Which of the following statements is true?

- a. Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed.
- b. People have so many loans it is very unlikely that one bank will know your history with another bank.
- c. Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan.
- d. If you missed a payment more than 2 years ago, it cannot be considered in a loan decision.

10. Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75 years old. Who has the most money in his or her retirement account?

- a. They would each have the same amount because they put away exactly the same.
- b. Rob, because he saved more each year.
- c. Mary, because she has put away more money.
- d. Mary, because her money has grown for a longer time at compound interest.

Answer Key

6-C; 7-C; 8-D; 9-A; 10-D;

1-B; 2-C; 3-A; 4-B; 5-D;

* Word Search *

The Word Search Challenge—the words listed below, pulled from the articles in this edition of Defeat Debt, are hidden in our puzzle. Test your skill and find all twenty-two words. Good Luck!

- ACCESS PAYMENT
- ACTION PLAN
- AGE PRIVACY
- BABY RESTRICT
- BOND SCHOOL
- CASH SCORE
- CREDIT SURVEY
- EARN THREAT
- FORM USER
- JOB WEB
- LINKS YEAR

P	R	I	V	A	C	Y	S	U	T
A	E	E	A	R	N	C	A	S	H
Y	S	G	S	W	E	B	C	C	R
M	U	A	C	T	I	O	N	R	E
E	T	J	H	S	R	A	E	Y	A
N	I	Q	O	E	K	I	T	C	T
T	D	N	O	B	O	N	C	S	B
K	E	P	L	A	N	E	I	T	A
M	R	O	F	T	S	J	P	L	B
W	C	X	L	S	U	R	V	E	Y

Credit Advisors Privacy Statement Publication

Privacy Statement for Credit Advisors Foundation

Every effort (physical, electronic and procedural safeguards) is made to ensure that your financial information is kept confidential and secure. All Credit Advisors Foundation employees are strictly held to the standards outlined in their confidentiality policy, which includes appropriate and disciplinary action for knowingly or unknowingly revealing information of a confidential nature. Clients can expect that all of their business information will be kept absolutely confidential and secure from threats or unauthorized access. We do not release nonpublic individual information about our clients or former clients to anyone, except as permitted by law without your permission. CAF has credit this privacy statement in order to demonstrate our commitment to privacy. The following discloses our information gathering and dissemination practices:

Information Logged

We may compile data and information we receive from you; however, we do not release this information in a manner allowing for personal identification of the contributors. We use your IP address to help diagnose problems with our server and to administer our Web site.

Registration Forms

Our forms require users to give us contact information (like their name, email, and postal address), financial information (like their bank account or credit card numbers), and demographic information (like their zip code, age or income level). Contact information from the forms is used to respond to inquiries, provide information about our company, to create personalized debt management plans, and to assist you in making payments. Your contact information is also used to get in touch

with you when necessary. We may disclose some or all of the information that we collect to creditors, related financial institutions or third parties that you have authorized who need this information in order for us to assist you after a counseling session and/or in order to put you on a debt management program.

We may also collect or disclose personal information you provide or authorize such as surveys or other forms, transactions with us, creditors or others, and information received from credit reporting agencies, such as credit history.

External Links and Public Forums

Our website contains links to other sites. Our site makes chat rooms, forums, message boards, and/or news groups available to its users. CAF is not responsible for the

(Continued on page 4)

Credit Advisors Foundation

1818 South 72nd Street
Omaha, NE 68124

Phone: 888-942-9027

Fax: 402-393-4141

E-mail: clientcare@creditadvisors.org

We're on the Web!

www.creditadvisors.org

Get out of debt with no regret !!



Privacy Statement

(Continued from page 3)

privacy practices or the content of such Web sites. Please remember that any information that is disclosed in these areas becomes public information and you should exercise caution when deciding to disclose your personal information.

Security

Our site has security measures in place to protect against the loss, misuses and alteration of the information under our control. Credit Advisors will take the necessary precautions to ensure your confidential information is secure, confidential and protected from unauthorized access or any other threats.

Data Quality/Access

We restrict access to nonpublic personal information about you to employees on a need to know basis in order to provide appropriate services. Our website gives users the following options for changing or modifying information previously provided:

- You can send and email to info@creditadvisors.org
- You can login on our website and make changes through EProgress

You can send a letter to Credit Advisors at:

1818 South 72nd Street
Omaha NE 68124

